Australian Employment Services: Labour Market Forecasting

St Petersburg International Labour Forum - 1-2 March 2018

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National Employment Services Association

• Established in 1997 when public employment services were contracted out

• National peak industry association for providers in the employment services sector

• Advocate for policy and programme change and improvement

• Negotiates contracting arrangements

• Leads the national conversation on employment services

• Capacity and capability building across wider industry

• Members provide all contracted public employment services
Overview

Australia

• 26 Years of Economic Growth

• Two decades of fully out-sourced public employment services

• Major employment services programmes

• “jobactive” – mainstream employment services

• Streaming and Star Ratings

• Technological tools

• Labour Market Forecasting
Australia - 26 Years of Economic Growth

GDP Growth (Australia against OECD, 1990-2014)

Australia's last period of recession (1991)

Global Financial Crisis (2008)
20yrs of fully out-sourced public Employment Services

1945 - 1998: Australian Employment Services were administered by the Federal Government’s “Commonwealth Employment Service (CES)”

1998: After probative testing in 1996-1997, all employment services were contracted out to non-government organisations, both for-profit and not-for-profit

Australia is the only country in the world with fully out-sourced public employment services

The Federal Government manages procurement, and administers contracts and regulatory frameworks
Effective Public Employment Services

- Analyse the labour market dynamics that threaten to disenfranchise people
- Anticipate problems - stay ahead of the game
- Real time responsiveness
- Evolve intelligent searching and analysis tools to render them useful to the job seeker and/or to employment services
Australia’s Public Employment Services

- Unique
- Highly adaptive, growing in modularity, and capable of responding to the changing environment
- Closely and constantly monitored by the Australian Government
- Governed by short contract cycles (mainly 5 years)
- Business reallocation – rewards performing organisations (every 18 months)
- Star Ratings drive business reallocations
- Provider remuneration dependent on placement of job seekers into work and, retention for at least 26 weeks for an ‘outcome payment’
- Drives practice that is responsive to changing labour market conditions
Major programmes

Mainstream Employment Services
- 51 regions
- 44 providers
- 1701 sites
- Caseload: 738,938

Remote Australia
- 60 regions
- 42 providers
- Caseload: approx. 35,000

Jobactive
- 110 regions
- 99 providers
- 1747 sites
- Caseload: 182,768

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jobactive

Quasi-market

The 44 providers are non-government organisations in direct competition.
4-6 providers compete in each of the 51 regions.
The Federal Government manages commissioning, compliance monitoring and direct allocation of “market share” based on performance (Star Ratings).

Provider remuneration is primarily outcomes-driven

To achieve optimal outcomes, providers

Engage directly with local employers, gathering vacancies & matching job seekers to local employment opportunities.

An Employment Fund is made available to providers per job seeker to allow investment in a range of interventions to improve their employability including:

- Education and training
- Services to address non-vocational barriers such as transport, housing, mental health etc.
The JSCI and Streaming

The JSCI is a streaming tool designed to assess a job seeker’s level of required assistance.

The job seeker’s answers are weighted to give a single score which determines their jobactive stream assignment, or whether a further ESAt assessment is required.

The streams determine eligibility for different levels and types of support, the quantum of outcome payments for the provider and impact the performance calculations.
The Star Ratings: provider performance

Commenced with provider

Placed in a job

Still in job after 12 weeks (12 wk outcomes)

Still in job after 26 weeks (26 wk outcomes)

Time to placement

Proportion of 12 week outcomes

Proportion of 26 week outcomes

Proportion of 26 week Indigenous outcomes

Weighting by stream for each segment:

Stream A: 25%
Stream B: 30%
Stream C: 40%

(Job seekers enter Work for the Dole (or activity) phase if time to placement is longer than 12 months)
The Star Ratings: labour market harmonisation

Local labour market variables must be considered to ensure a fair national comparison between sites.

For each stream and each performance measure in each period at each site, the actual performance is compared to the ‘expected performance’ (the regression model) where a higher actual versus expected ratio = higher stars.

Expected performance is derived from detailed labour market information data that considers:

- The year and month that the job seeker commenced assistance
- The employment growth rate of the job seeker’s region
- The proportion of the population on income support for the job seeker’s region.
- The low-skilled vacancies proportion for the job seeker’s region.
- Whether the job seeker is in a metropolitan area
- The unemployment rate of the job seeker’s region

Data is sourced regularly from national, regional and sectoral sources, as well as local connections and intelligence from employers and analysis.
Australia’s approach to Labour Market Information

Sources include:

Federal Government
- Australian Bureau of Statistics
- Department of Jobs and Small Business
- The Treasury

State Government
- Local industry data (e.g. construction, retail)

Local Government
- Building approvals, localised economic data

Banks and other financial institutions
- E.g. job advertisements
Australia’ approach to Labour Market Information

Sources include:
Skill Shortage Research 2017-2018

- Conducted by the Department of Jobs and Small Business
- Gathers information on recently advertised vacancies for skilled workers
- Provides consistent methodology for research across States and Territories, and occupations
- Determines trends in skilled labour markets
- Undertaken for selected occupations defined in the Australian and New Zealand Standard Classifications of Occupations (ANZSCO)
- Focuses on relatively large occupations
Australia’s skill shortage research methodology

- Information on a national and state/territory basis
- Underpins policy, planning and resource allocation
- Aims to identify shortages in the Australian labour market in skilled occupations
- Applied consistently across occupations and locations
- Results considered in a range of education, training, employment and migrations policies and programmes
- Core of around 80 occupations have been accessed annually in recent years
## Survey of Employers

<table>
<thead>
<tr>
<th>Category</th>
<th>Metro</th>
<th>Regional</th>
<th>Total*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of vacancies</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Number of vacancies filled</td>
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<td>0</td>
<td>0</td>
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<tr>
<td>Proportion of vacancies filled (%)</td>
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<tr>
<td>Number of applicants</td>
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<tr>
<td>Avg number of applicants per vacancy</td>
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<tr>
<td>Number of suitable applicants</td>
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<tr>
<td>Avg number of suitable applicants per vacancy</td>
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<td>Number of vacancies where qualification requirements were known</td>
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<td>Number of vacancies requiring formal qualifications</td>
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<td>Number of vacancies where the number of qualified applicants was known</td>
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<td>Proportion of vacancies requiring formal qualifications (%)</td>
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<tr>
<td>Avg number of qualified applicants per vacancy</td>
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<tr>
<td>Proportion of applicants who were qualified (%)</td>
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<td>Proportion of qualified applicants who were unsuitable (%)</td>
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<tr>
<td>Number of successful employer contacts</td>
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<td>0</td>
<td>0</td>
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<tr>
<td>Number of other employer contacts</td>
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<td>0</td>
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<tr>
<td>Number of unsuccessful contacts</td>
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<tr>
<td>Number of successful contacts that were directly with employer</td>
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<tr>
<td>Number of other contacts that were directly with employer</td>
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<tr>
<td>Number of vacancies not filled</td>
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<tr>
<td>Number of employers who had unfilled vacancies</td>
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<tr>
<td>Proportion of employers who had unfilled vacancies (%)</td>
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<tr>
<td>Number of employers who received no applicants</td>
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<tr>
<td>Proportion of employers who received no applicants (%)</td>
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<tr>
<td>Number of employers who received no suitable applicants</td>
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<td>Proportion of employers who received no suitable applicants (%)</td>
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<tr>
<td>Number of employers who had unfilled vacancies when there were suitable applicants</td>
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<tr>
<td>Proportion of employers who had unfilled vacancies but suitable applicants (%)</td>
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Australian Employment Projections

• Produced by industry, occupation and region


• Derived from best practice time series models – converted into a forecast

• Provides a guide to the future direction of the labour market

• Four industries projected to provide more than half of the total employment growth over the five years to May 2022
Employment Projections

Percentage points contribution

Health Care and Social Assistance: 7.8%
Construction: 0.3%
Professional, Scientific and Technical Services: 0.0%
Accommodation and Food Services: 0.0%
Transport, Postal and Warehousing: 0.0%
Public Administration and Safety: 0.0%
Retail Trade: 0.0%
Administrative and Support Services: 0.0%
Financial and Insurance Services: 0.0%
Arts and Recreation Services: 0.0%
Retail, Hiring and Real Estate Services: 0.0%
Other Services: 0.0%
Information Media and Telecommunications: 0.0%
Mining: 0.0%
Wholesale Trade: 0.0%
Agriculture, Forestry and Fishing: 0.0%
Electricity, Gas, Water and Waste Services: 0.0%
Manufacturing: 0.0%
All industries: 0.0%

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How data can be used locally

• Assist employment services providers with the forecasting of vacancies and skills to inform training and development

• Inform strategies with employers

• Enable service delivery planning

• For organisations tendering for business
Importance of local level data

- National and regional trends are valuable intelligence but we also know that granular data at the local level is also important.

- Diversity of Australia - demographics, geography, industry for example
Technological tools – The Labour Market Information Portal

www.lmip.gov.au

Explore the data
Employment rates, Industries by area & more...

Gain insights
Reports, Publications, Projections & more...

Downloads
The data you'll need.

Insights when you need them
The Labour Market Information Portal brings together data from a range of official sources to help you understand your local labour market.

Explore regional data
Select a geographical classification here:
- Employment Regions Data

Select a corresponding sub-region here:
- National level

<table>
<thead>
<tr>
<th>Unemployment Rate (15+)</th>
<th>Unemployed (15+):</th>
<th>Total jobactive Caseload (15-24)</th>
<th>Youth jobactive Caseload (15-24)</th>
<th>Mature Age jobactive Caseload (55+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.4%</td>
<td>707,700</td>
<td>714,463</td>
<td>134,599</td>
<td>191,048</td>
</tr>
</tbody>
</table>

Welcome to the new Labour Market Information Portal (LMIP) website.

November 2017 Labour Force Survey data (including industry & occupation) are now available from the Employment Region and Labour Force Region (SAA) channels.
Technology tools – Employment Services IT System, Mobiles and Apps